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How US military funds are ending up in the hands of the Taliban.

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KHOST PROVINCE, Afghanistan — It’s payday in the villages of Zanda Khel and Shobo Khel, so the Indiana National Guard Agribusiness Development Team (ADT) remains vigilant. The ADT is paying a group of farmers for their work on a series of small rock dams, designed to reduce soil erosion and improve irrigation. But this area is a Taliban stronghold and there is a lot of cash involved — tens of thousands of dollars.

So the soldiers carefully watch the milling Pashtun tribesmen waiting to be paid. Turret gunners in the armored MRAPs scan the mountains for snipers. There are few safe places here in Khost Province, an insurgency wracked region along the Pakistan border. And with a Taliban nest three kilometers away, Zanda Khel and Shobo Khel are certainly not among them.

The development project here is considered a good gig for the Afghans — the pay of $6 a day is triple the going rate for farm labor. Part of the U.S. cash-for-work strategy is to

hire military-age Afghan males during the fighting season, to put shovels in their hands instead of Kalashnikovs. Accordingly, the pay also beats the Taliban day-rate for guerrilla work.

The $200,000 dam project is funded through a controversial aid program known by its military acronym, CERP (Commander’s Emergency Response Program). The dam project represents an enormous boon for these impoverished villages, where annual incomes are about $400 a year.

But the project has been plagued with problems. Though the Afghan contractor came with U.S. military references from other work, he has done a poor job with the construction. Worse, he tried to enter the ADT post at Forward Operating Base Salerno with a false ID and failed his biometric BAT-HIIDE identification scan. (BAT, Biometric Automated Toolkit, and HIIDE, Handheld Interagency Detection Equipment, allow soldiers use a camera, fingerprint scanner, an iris reader and portable computer to identify known insurgents.) The soldiers are beginning to wonder about the contractor. Is he Taliban? Is he funneling money to the insurgency? They are fair questions.

In spite of the U.S. intervention in this Taliban-ridden region, the dam project has been counterintuitively free of attack, leaving soldiers here suspicious. ADT commander Col. Brian Copes says: “The Taliban might have taken 30 or 40 percent right off the top, and now he’s struggling to perform, because he’s got less than 100 percent of budget because the Taliban took their cut right off the top.”

Hoping to prevent the contractor from absconding with the funds or paying off the insurgents, the ADT has hauled big green garbage bags filled with millions of afghanis, the Afghan currency, into the mountains to pay the villagers directly. After a tense six hours with restive tribesmen, the team is almost done.

The Afghan contractor leaves, charging down the dirt road out of Zanda Khel, past the nearby Taliban nest. About 10 minutes later, the soldiers are packing up when a loud boom echoes through the mountains. They turn to see a cloud of smoke rising from the road, where an unfortunate Afghan motorcyclist has inadvertently triggered a buried bomb, which the ADT is certain was intended for them.

“They tried to blow us up,” says security team leader Sgt. Brendan Wilczynski.

The incident illustrates some of the questions facing the U.S.-led counterinsurgency in Afghanistan. When fighting a popularly based insurgency in an opaque tribal society, how do you distinguish friend from foe? How can you do adequate development oversight in an environment where the simplest quality control is life-threatening? And how do you prevent your own development dollars from funding the enemy?

The question of Taliban funding is currently roiling the highest levels of the U.S. government. As GlobalPost reported last year, the U.S. Agency for International Development’s Office of the Inspector General has launched a probe into what is believed to be a kind of protection racket by the Taliban. GlobalPost reported that huge USAID contracts often involve Afghan subcontractors who end up paying the Taliban a form of extortion.

GlobalPost has learned there are also several investigations by the U.S. military into this practice, including work by the Department of Defense Inspector General and the Special Investigator General for Afghan Reconstruction, known by its acronym, SIGAR. The General Accounting Office is also involved with investigations into development money, as is the Afghan Threat Finance Cell, a multi-agency team headed up by the DEA.

As military and civilian officials try to come to grips with an endemic development-fueled corruption that is helping finance the insurgency, there is a particular focus here in eastern Afghanistan, where there is little poppy production. Rather than relying on the illicit opium trade, the Pashtun insurgents are skimming the flood of American dollars to help fight their war, U.S. military officers and civilian officials confirm.

Even at the highest levels in Washington there is a growing frustration.

Last March,
Secretary of State Hillary Clinton told reporters at The
Hague that wasted U.S.
aid expenditures were “heartbreaking,” going on to say, “There are problems of design, there are problems of staffing, there are problems of implementation,
there are problems of accountability.”

Since 2001, the U.S. has provided about $38 billion in
development funds to Afghanistan,
and the total is projected to balloon to $50 billion in fiscal year 2010, the Special Investigator General for Afghan Reconstruction office reported.

At The Hague, Clinton
promised increased oversight. “We are looking at every single dollar as to how it's spent and where it's going and trying to track the outcomes.”

Up to recently,
the investigative focus has been on large-scale development contracts, such as the purported protection racket that involves pay-offs from USAID-administered road construction projects and shakedowns that well-connected Afghan trucking contractors pay the Taliban for safe passage.

Amid mounting
allegations and a growing body of evidence of just how widespread the corruption is, Congress has started to get involved.

One congressional
staffer for Rep. John P. Murtha, chair of the powerful Defense Appropriations subcommittee, said the Taliban pay-off reports “drives Congressman Murtha up the wall.” As part of the widespread investigations, Murtha is calling for increased scrutiny of the CERP program.

In a July 15,
2009, letter to the Secretary of Defense Robert Gates, Murtha called for a “thorough review” of the CERP program and a list of all proposed CERP projects over $1,000,000. He railed, “Over the last five years, CERP has grown from an incisive counterinsurgency tool to an alternative U.S. development program with few limits and little management.”

Clinton and Murtha's criticisms have spurred the
military to make positive changes in CERP. Commander of U.S. and ISAF forces in Afghanistan, Gen. Stanley McChrystal, has reduced the size and increased the oversight of CERP projects. With its smaller, Afghan-appropriate development projects and determined quality-control focus, the Indiana Agribusiness Development Team reflects the emerging reform mindset of the Obama administration. But the Department of Defense has yet to provide the “million-dollar” list of outsized CERP projects to Murtha’s subcommittee. And the legacy of poorly administered aid funds remains.

CERP has a long
and controversial history.

The program
started in Iraq
with seized Baathist Party cash. Devised to be a rapid-response funding mechanism for combat commanders and front-line development officials to do “small-scale, urgent humanitarian relief and reconstruction,” CERP operated with little review or oversight above the brigade level.

“The problem
began in Iraq,”
the congressional staffer said. “The money was from Saddam, and there really was a lot of cash in commanders’ pockets. CERP started off as money for small projects — a few thousand dollars. But soon they building hotels and doing million-dollar murals.”

The pattern
continued in Afghanistan,
where CERP funds, totaling more than $10 billion since 2004, were increasingly tapped for mammoth projects. Instead of small projects, CERP funds were being used for road construction and other large infrastructure contracts. Murtha notes in his letter to Gates, “Today, a majority of CERP funds are spent on road construction and other 'bricks and mortar' projects that, while important, far-exceed the intended scale and scope of the urgent projects CERP was intended to support.”

During the period
when the Bush administration’s focus was on the Iraq war, hundreds of ill-conceived and poorly executed development projects were pushed through the now congressionally funded CERP program, with little thought about their oversight, sustainability or cost. Murtha writes, “It is well-past time for better

oversight of this program from the Department of Defense.”

Out in the field,
officers share stories of epic development mismanagement. One captain in Khost Province
relates problems relating to the lack of transition between rapidly rotating
development teams. “We didn’t know what was built two or three rotations ago.”

And there wasn’t
even electronic institutional memory: the Provincial Reconstruction Team lost
all of the electronic data relating to tens of millions of dollars of
development projects. There was no back-up. He speaks of dozens of
schools built, but no provisions for teachers. “Kabul hadn’t figured out sustainability,” he
said.

In Laghman Province, soldiers laugh about empty
U.S.-built schools being occupied by Afghan families — “and brothels,” one
calls, perhaps joking. ADT Capt. Robert Cline is an agricultural specialist and
prosecutor specializing in murder cases in civilian life. He talks about trying
to locate about a dozen vet clinics that USAID built in Khost Province
a few years prior, so the agricultural development specialists could use them
for animal-husbandry outreach projects. The USAID staffers didn’t know where
the clinics where. “Just give me GPS coordinates, village name, anything —
we’re the military, we can find them,” Cline asked the USAID staffers. It took
many weeks and multiple contacts for someone to finally come up with a list.
When the ADT tracked the clinics down, they found almost all of them were
looted of equipment and the solar panel generators to run the vital vaccine
refrigerators. In one case, the entire building was missing.

Toward the end of
every fiscal cycle, there was a land-rush of proposals for expensive, hurriedly
organized projects designed to do little more than ensure all of the allocated
funds were spent. Among the development careerists who were cycling through Afghanistan on
quick deployments, the kudos went to those who spent their money — period.
Oversight, continuity and effectiveness had a distinctly lower priority.

“In the past,
there was a strong emphasis on getting projects out there,” said Maj. Carlos
Moya, a Brigade Civil Affairs Officer in the RC-East command, speaking of the
2002 to 2008 era. “Somewhere along the line, we kind of lost the focus on
ensuring QA. I guess we kind of bit off more than we can chew.”

The years of
unfettered development spending stimulated inflation and fed a culture of
corruption, which the U.S.
development players have learned to accommodate. In military training sessions
prior to deployment, development officers hear professors and diplomats teach
them the difference between “functional” corruption (such as an Afghan
policeman taking bribes because he is underpaid) and “non-functional”
corruption (an Afghan official building another Dubai mansion with his ill-gotten gains).

Systems analysts
graph corruption flows in elegant PowerPoint presentations. State Department
officials out in the field nimbly parse corruption and graft into discrete
categories, as though semantic distinctions make a difference. One commander in
eastern Afghanistan
blithely said, “I know there is corruption, I just want to make sure I’m paying
the going rate.”

But the corruption
led to the funding of Afghan insurgency with American tax dollars. While
publicly aghast at the idea, U.S.
officials are often sanguine about the leakage — or perplexed as to how to stop
it. Citing CENTCOM commander Gen. David Petraeus’s oft-quoted dictum, “Money is
a weapons system,” the congressional staffer said, “Money’s fungible — when you
add it into a system, you are offering a resource to the enemy. I don’t know
how you get it back. That’s the price we’re willing to pay.”

Among many
members of the military in eastern Afghanistan, it’s accepted wisdom
that corruption from American development is helping to finance the insurgency.
Moya said, “The fact or the idea that a contractor is using funds that we’re
providing them to pay off insurgents or something like that is a serious issue
we’re trying to deal with here, and I don’t know how soon that can really be
fixed.”

Among the
soldiers on the ground, there’s a growing cynicism the U.S. has lost the
capacity to control a malignant symbiosis of development funds, a corrupt
Afghan government and a wily, deeply rooted insurgency. “Truly, I don’t know if
there is a fix in the long run for someone paying off the bad guys,” Moya said.

A force
protection sergeant for an ADT said it plainly, “We are financing our own
enemy.”

Out at Forward
Operating Base Methar Lam in Laghman Province, another region of dramatically
increasing insurgency — it’s just another week: IEDs everywhere; Afghans
threatening to riot, protesting a Spec Ops attack; base artillery shaking the
tents and b-huts with night-time rounds heading out to a road-construction
site, where the insurgents are once again attacking, perhaps with money skimmed
from a development project.

Capt. Douglas
Seymour, a massive lantern-jawed cop from Las
Vegas who serves as an intelligence officer, stands on
the porch of a moldering plywood hut. Echoing the satiric tone in MRAPs,
hooches and chow halls, Seymour compares Afghanistan to Las Vegas — everyone getting their cut; just
enough excitement to keep the rubes engaged. Noting the American casualties in
eight years of war in Afghanistan
are below the numbers killed in training, Seymour
says, “The Afghans know just the right amount of fighting to keep us here. Not
too many casualties or we’ll bolt. Can’t let peace break out or we’ll lose
interest. Just the right amount.”

In the jaded GI
view that Seymour
voices, everyone wins: “The military gets all these combat commands and combat
patches. I get all this cool equipment. I started back when the Russians were the
enemy. I never got all this cool equipment. The military-industrial complex,
they’re all making money. All this stuff.”

Pointing back at
the small delaminating plywood hut, he asks, “What’s that cost — $28,000? It’s
a playhouse. The government here, they’re like the mafia, always getting their
cut. The Taliban gets their cut. It’s the perfect war, everybody makes money.”